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Socio-economic Series

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IMPLEMENTING SUSTAINABLE COMMUNITY DEVELOPMENT: CHARTING A FEDERAL ROLE FOR THE 21ST CENTURY

Introduction

Considerable research here and abroad has been conducted on sustainable community planning. The number of sustainable communities actually constructed varies considerably from country to country.

Communities designed and built according to sustainable principles show significant economic, social and environmental benefits.

At this point, however, the combination of research data and success stories has not significantly shifted Canadian mainstream development in a more sustainable direction.

Research objectives

The research sought to establish the status of current sustainable planning and development efforts in Canada and to determine if there is a relationship between Canadian progress and that of Australia, New Zealand, the United States and northern European countries.

It also examined the nature of federal intervention into community development innovation in these countries to determine if there was a relationship between intervention and sustainable community construction progress. This was intended to determine the feasibility of Canadian federal involvement and the most effective way federal involvement could accelerate sustainable community development.

Research process

As sustainable communities are, by necessity, unique to the specifics of their context they are almost impossible to define. Instead of trying to create a definition, the research—through extensive literature search—identified 12 features common to sustainable communities. These features were used to describe the communities investigated.

Interviews were conducted nationally with 37 developers, politicians and community champions to determine barriers that obstruct the land development industry from creating communities with the 12 features. The barriers researched were those specifically related to land development and planning and were primarily from the developers' viewpoint. Forty barriers relating to every step of the development process were identified.

After identifying the barriers, a brief scan of existing federal programs was conducted. Informal interviews with federal officials who deal directly and indirectly with land development issues were conducted.



A comparative analysis of the barriers showed which issues are dealt with—either fully or in part—by federal measures and which are not. From this analysis the research developed proposals for measures with the most potential to deal with unaddressed barriers.

The proposals were ranked by their potential to address multiple barriers, to be implemented in the short term and to support several features of sustainable community development. The five with the most potential were developed in detail for discussion by a group of experts.

The discussion was at a workshop for municipal, provincial, federal, professional and private sustainable community development experts at the national office of Canada Mortgage and Housing Corporation in Ottawa. Workshop consensus accepted the feasibility of the ranked measures and identified others to consider.

A number of built and planned Canadian communities incorporating one or more of the 12 features were identified and details about some were given in the study. No Canadian community included all of them. It could be said from this analysis that at the present time there are no fully sustainable Canadian communities.

In addition, very few mainstream communities now being planned consider implementing any or all of the 12 features, although there are efforts at the grassroots and municipal levels to have them considered.

The international study showed a number of successfully built, sustainable communities including many or most of the 12 features in other countries, especially northern European countries. The study gives details of several of them. This study shows that countries with strong federal intervention in community development innovation make more progress towards sustainability.

Research findings

The 12 key features of sustainable communities used as the basis for the research are listed in the following table.

1. Ecological protection	7. Affordable housing
2. Higher density and transit-supportive urban design	8. Livable community
3. Urban infill	9. Low-impact sewage and stormwater treatment
4. Village centres	10. Water conservation
5. Healthy local economy	11. Energy efficiency
6. Sustainable transportation	12. The 3 Rs

The interviews identified about 40 barriers to including sustainable community features in Canadian community development processes. The following table lists some of them.

Generic Stages in Development	Key Barriers Typically Faced
Find appropriate land in the right location/right price	<ol style="list-style-type: none"> 1. A lack of land suitable for redevelopment in existing urban areas (such as brownfields liability.) 2. Land is expensive in central city locations but there is plenty of cheap land on the urban fringe designated for development.
Development team develops innovative design concept	<ol style="list-style-type: none"> 1. The development system is geared to low-density, auto-based suburban development and actively discourages innovative developers from proposing bold new community designs. 2. Even among those championing sustainable community development there is a lack of holistic understanding of many features in the literature.
Dovetail with existing infrastructure or obtain new infrastructure	<ol style="list-style-type: none"> 1. Government-funded infrastructure does not significantly promote sustainable community features 2. Government funded infrastructure subsidizes low-density suburban, car-based development (such as highway/road subsidies.) 3. There are no or few sustainable community municipal services (such as green power, alternative sewage treatment.)
Obtain information on products, services and government programs to optimize return on investment	<ol style="list-style-type: none"> 1. Poor communication on availability of government programs/policies that support sustainable community development. 2. There is poor marketing of products and services related to new building and infrastructure technologies.
Obtain political and social/community support	<ol style="list-style-type: none"> 1. Politicians are often unaware of local, provincial and national social, economic, competitive and environmental benefits of sustainable community development. 2. Most local politicians oppose sustainable community features. 3. Consumers are unaware of sustainable community features—they often oppose innovation (NIMBYism)—especially increased density. This increases project costs or can stop projects.
Meet existing codes and standards	<ol style="list-style-type: none"> 1. Standard planning requirements are too narrow (for instance, setbacks, minimum parking requirements) and very auto-oriented. 2. Building code does not require enough sustainable community features. In application of standards, officials are often intransigent with respect to minor variations.

Generic Stages in Development	Key Barriers Typically Faced
Source financing at acceptable rates	<ol style="list-style-type: none"> 1. No preferred terms for loans on sustainable community projects. 2. Risk-averse investors refuse loans to projects for which market is not tested and guaranteed. 3. Expensive and risky to test market new communities due to the high initial investment costs.
Tender to obtain innovative expert assistance etc.	<ol style="list-style-type: none"> 1. Basic lack of familiarity and expertise about many aspects of sustainable communities (such as alternative energy and alternative development standards.) 2. Few incentives for development consultants and government professionals to innovate, particularly if liability is an issue. 3. Asking for innovation from experts can drive up costs.
Obtain building/ planning approvals	<ol style="list-style-type: none"> 1. Municipal plans have weak and fragmented requirements for sustainable community features (such as local employment, integrated green space). 2. No streamlining of planning/approval process for sustainable community features. 3. Applications get bogged down in approvals, generate added costs or are stopped.
Be assured of a market and pre-sell units	<ol style="list-style-type: none"> 1. Few government financial incentives to consumers for purchasing/renting housing with sustainable community features. 2. Consumers do not understand benefits of sustainable community features, as a result, there is no market obvious demand for these features. 3. Consumers are adverse to too many sustainable community features—perceived as investment risks. This makes holistic developments too risky for developers—"kills projects dead!" 4. Information needed on how to successfully market sustainable communities to consumers.
Contract development and project management keep input costs, such as financing down	<ol style="list-style-type: none"> 1. Slower approvals process are a financial disincentive to adopting innovative features. 2. Investing upfront for technologies to reduce operating costs doesn't often benefit developer, because the developer is rarely around after the sale and in today's market long-term energy savings are not generally a feature buyers will pay extra for upfront. 3. No financial incentives to developers for adopting sustainable community features.
Operate in a supportive institutional context	<ol style="list-style-type: none"> 1. Little capacity for regional land use/transportation planning. 2. Little non-government capacity to advocate for, or support sustainable community projects. 3. No framework to guide implementation. 4. Adversarial development process.

The analysis of the few relevant federal programs dealing with barriers resulted in development of the following proposals to deal with unaddressed barriers.

Title	Possible Lead	Brief Description
Federal green lands strategy	Interdepartmental	Provide incentives for municipalities to preserve green areas within urban areas and to reduce the consumption of agricultural areas on the urban fringe.
Brownfield regeneration credits	Department of Finance Canada	Offer corporate tax credits related to brownfield development trusts, similar to trusts for mine-site remediation.
Level the transportation playing field	Finance	Changes to Income Tax Act to ensure that public and private transportation systems in urban areas are treated fairly.
Revolving fund for green construction	CMHC	To cover additional capital costs of construction, repayable through reduced operating expenses.
Federal green procurement fund	Public Works and Government Services Canada (PWGSC)	For first purchase of new community technologies.
International centre of excellence in site remediation technology	PWGSC	To accelerate brownfield site remediation
Green communities information packages	CMHC	Information packages on sustainable communities tailored to the needs of developers, municipalities, and the public.
Green ACT program	CMHC	Expand ACT program to include other sustainability features.
Green advanced house	Natural Resources Canada (NRCan)	Expand advanced house to include other sustainability features.
Green communities research program	CMHC NRCan	Enhance research on financial and health benefits of sustainable built environments; the high costs of conventional development; and methods of financing development that would encourage sustainable features.
Green communities Web site	CMHC NRCan Environment Canada	Develop an integrated Web site about government programs related to sustainable community development.
Green catalogues	CMHC NRCan	Support local groups/firms that are creating catalogues of green building materials and technologies available locally.
Environmental labelling for buildings	NRCan	Create a single comprehensive labelling system for green buildings, materials, and technology based on the array of existing systems (including C-2000, R-2000, the National Energy Code, BREEAM, BEPAC, Environmental Choice, Super-E)

Five policy and program measures were selected for further research and consultation at the workshop and were supported as priorities for federal government implementation.

National performance assessment criteria

A greater federal role in promoting sustainable community development will require that the government avail itself of appropriate decision-making, monitoring and accountability tools.

It is recommended that CMHC develop national performance assessment benchmarks that can be used to guide the implementation of programs such as those recommended below. Performance assessment involves both targets and indicators that reflect how a development project or even a whole community can be said to be sustainable or moving towards sustainability. Performance assessment standards should be developed in consultation with stakeholders in the development industry, other levels of government, academia, NGOs and so on.

Canada-wide sustainable communities network

There is not now an institutionalized network of sustainable community advocates in Canada. This limits the spread of innovative ideas about planning and designing new communities among specialists such as academics, planners, architects, landscape architects, developers and builders, and hampers public acceptance of sustainability measures. The research team proposes that the federal government help institutionalize an arms-length, NGO network to build public support for sustainable community development through advocacy, networking and professional development.

Issues of concern to the network should include growth management, transportation planning, land use planning, ecological site design and innovative building technology. The network should administer a comprehensive Web site on sustainable community development, with extensive documentation, tool kits and links to other relevant sites.

Strategic and green Infrastructure Works Program

The need for developers to fit their projects into existing infrastructure systems, many of which are based on unsustainable technology, poses a stumbling block to the development of sustainable communities. A renewed Canada Infrastructure Works Program should be set up and targeted at areas of maximum environmental and economic return.

The program would be used to help fund the planning and building of infrastructure that would support sustainable community development. Specifically, this would involve innovative approaches to sewage collection and treatment, storm water drainage and treatment, district heating/cooling facilities and—above all—non-car transportation facilities. The federal government should invite equal participation by provincial and municipal governments in funding the program. Performance assessment criteria for projects would be used to determine which municipalities and new development projects should receive funds.

Green mortgages

Many of the financial incentives for developers and homebuyers favour conventional housing in suburban locations. To help counter this, it is recommended that the federal government use its influence over the banking industry to encourage financial institutions to issue "green mortgages." A green mortgage takes into account the fact that houses in sustainable communities have lower operating costs as a result of energy-efficient construction, or location within a transit-supportive neighbourhood where a second car is unnecessary. This would allow applicants to qualify for larger mortgages than applicants in other communities. A green mortgage could also be used to encourage owners of existing homes to improve energy efficiency or their indoor environment.

Green community development corporations

One of the key barriers to sustainable community development is the lack of conventional financing for unproven community designs. It is proposed that the current policy restricting investments by Labour-Sponsored Venture Capital Corporations (LSVCC) in real estate developments be modified. The modifications would permit LSVCCs to offer equity financing for comprehensive community and urban investment projects sponsored by either private sector green community development corporations or non-profit community housing corporations. A third party would certify that the projects meet specified environmental standards based on performance assessment standards criteria (see above.)

It is also proposed that Canadian organizations with expertise in this field team with LSVCC's to provide expertise and tools in sustainable community development and in neighbourhood rehabilitation.

Conclusions

The research concluded that the development of sustainable communities has clearly taken hold outside Canada, principally in northern Europe. It also found that significant support from senior levels of government results in accelerated progress of construction of sustainable communities.

Those communities which have been built to incorporate the major features used throughout the research demonstrate significant improvements in economic, environmental and social benefits.

Although very little actual Canadian mainstream construction of sustainable communities was identified by the research, it did identify many isolated efforts at grassroots and municipal levels.

The research pinpointed very few existing federal measures that could benefit those isolated efforts but it did identify some promising measures that seem to be both implementable at the federal level and relevant to development.

Dialogue that accompanied the research indicates that initial formative steps have already been taken on most of the proposed measures.

If these measures are successfully implemented and communities including sustainable features are built, then both the country and the communities can expect to realize significant paybacks in environmental protection and regeneration, economic strength and endurance and social development and health.

Project Manager: Douglas Pollard

Research Report: *Implementing Sustainable Community Development: Charting a Federal Role for the 21st Century*

Research Consultant: Peck and Associates

A full report on this project is available from the Canadian Housing Information Centre at the address below.

Housing Research at CMHC

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